



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

April 17, 2014

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To: Supervisor Don Knabe, Chairman
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From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. Fujioka", is written over the printed name of the Chief Executive Officer.

WASHINGTON, D.C. UPDATE -- PURSUIT OF COUNTY POSITION ON SUBSIDIZED EMPLOYMENT LEGISLATION

This memorandum contains a pursuit of County position to support legislation, which would expand subsidized employment opportunities using funds taken from the existing Temporary Assistance for Needy Families (TANF) Contingency Fund.

Background

The American Recovery and Reinvestment Act (ARRA) of 2009 established and appropriated \$5 billion for a one-time TANF Emergency Contingency Fund (ECF), which reimbursed 80% of increased TANF-related expenditures for basic assistance, non-recurrent short-term benefits, and subsidized employment in Federal Fiscal Years (FFYs) 2009 and 2010. The County used TANF ECF to implement one of the most successful subsidized employment programs in the nation. Before TANF ECF expired at the end of FFY 2010, the County placed 28,850 individuals (10,719 adults and 18,131 summer youth) into subsidized jobs -- more jobs than in any single state other than California, Illinois, and Texas.

Since TANF ECF ended, counties in California have had to use part of the State's annual TANF block grant/CalWORKs funding to finance a far smaller subsidized employment program. In 2012-13, the County's Department of Public Social Services (DPSS) was able to place 765 individuals into subsidized jobs. Though the State began providing dedicated funding for CalWORKs subsidized employment in 2013-14 through a new enhanced subsidized employment allocation, this allocation will not enable DPSS to restore its subsidized employment program to the level achieved under ECF.

"To Enrich Lives Through Effective And Caring Service"

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The President's Proposed FFY 2015 Budget would create a new TANF Pathway to Jobs Initiative for providing subsidized employment to low income parents, guardians, and youth, including summer jobs for youth. This initiative would be financed by redirecting \$602 million from the TANF Contingency Fund ("Fund"), a funding reserve which is intended to assist economically distressed states. To receive monies from this Fund, a state must meet either an unemployment rate or Supplemental Nutrition Assistance Program (SNAP) caseload criteria, and also meet a maintenance-of-effort (MOE) spending requirement equal to 100% of its FFY 1994 expenditures on the former Aid to Families with Dependent Children and JOBS programs, which were replaced by TANF. The current law baseline funding level for the Contingency Fund is \$612 million a year.

Using \$602 million a year for subsidized employment instead of the TANF Contingency Fund would provide a major ongoing source of funding for providing subsidized jobs to low-income individuals, including for current or former foster youth. It also would be a better use of limited Federal resources than allocating funds through the Contingency Fund, which has major shortcomings. Most notably, its 100% MOE spending requirement has prevented most states, including California, from receiving contingency funds, regardless of how high their unemployment rates and SNAP caseloads were. This is because most states would have had to significantly increase their TANF-related expenditures to meet the 100% MOE spending requirement, which is especially problematic during economic downturns when tax revenues fall.

The Pathways to Jobs Initiative is intended to build upon the success of ARRA's TANF ECF in creating over 260,000 subsidized jobs, including the 28,850 subsidized jobs in the County. Congress appropriated \$5 billion for the TANF ECF rather than the TANF Contingency Fund under ARRA in recognition of the major shortcomings with the TANF Contingency Fund.

The Obama Administration has not released any legislative language for its TANF Pathway to Jobs Initiative. Normally, the legislative vehicle for such an initiative or changes to the TANF Contingency Fund would be a bill to reauthorize TANF, which expires on September 30, 2014. However, it is all but certain that Congress, instead, will enact one or more short-term TANF extensions through a Continuing Resolution (CR), omnibus appropriations bill, or another "must-sign" bill, just as it has done numerous times since TANF originally was due to expire at the end of FFY 2010. It is less likely that Congress would redirect appropriations from the TANF Contingency Fund to subsidized employment under a short-term TANF extension than through a multi-year TANF reauthorization bill. However, it is possible because when Congress extended TANF under the FFY 2011 CR, it reduced the Contingency Fund to \$506 million to help finance other activities.

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Pursuit of County Position on Legislation

The County Departments of Public Social Services, Community and Senior Services, and Children and Family Services (DCFS) support expanding subsidized employment opportunities for low-income individuals and youth. The County's Federal Agenda includes policies to support: subsidized employment; proposals and funding to promote economic self-sufficiency for emancipating foster youth and the employment of at-risk youth, an equitable allocation of TANF funds to California; and proposals which would finance increased spending of greater benefit to the County by cutting programs of lesser benefit. **Based on these existing policies, and unless otherwise instructed by the Board, the County's Washington, D.C. advocates will: support legislative proposals, such as the President's Pathway to Jobs Initiative, which would fund subsidized employment opportunities for low-income individuals and youth, including for foster youth; support redirecting or reducing the TANF Contingency Fund to finance subsidized employment; and support an equitable allocation of funds to California.**

We will continue to keep you advised.

WTF:RA
MR:MT:ma

c: All Department Heads
Legislative Strategist